



January 10, 2022

Gov. Inslee's proposed 2022 Transportation Supplemental Budget

OFM

OFFICE OF FINANCIAL MANAGEMENT

Agenda

Key transportation
priorities

Revenues

Expenditures

Key Priorities



Key transportation priorities



Climate agenda - Clean Green
Transportation



Ferry reliability



Preservation



Keeping our commitments

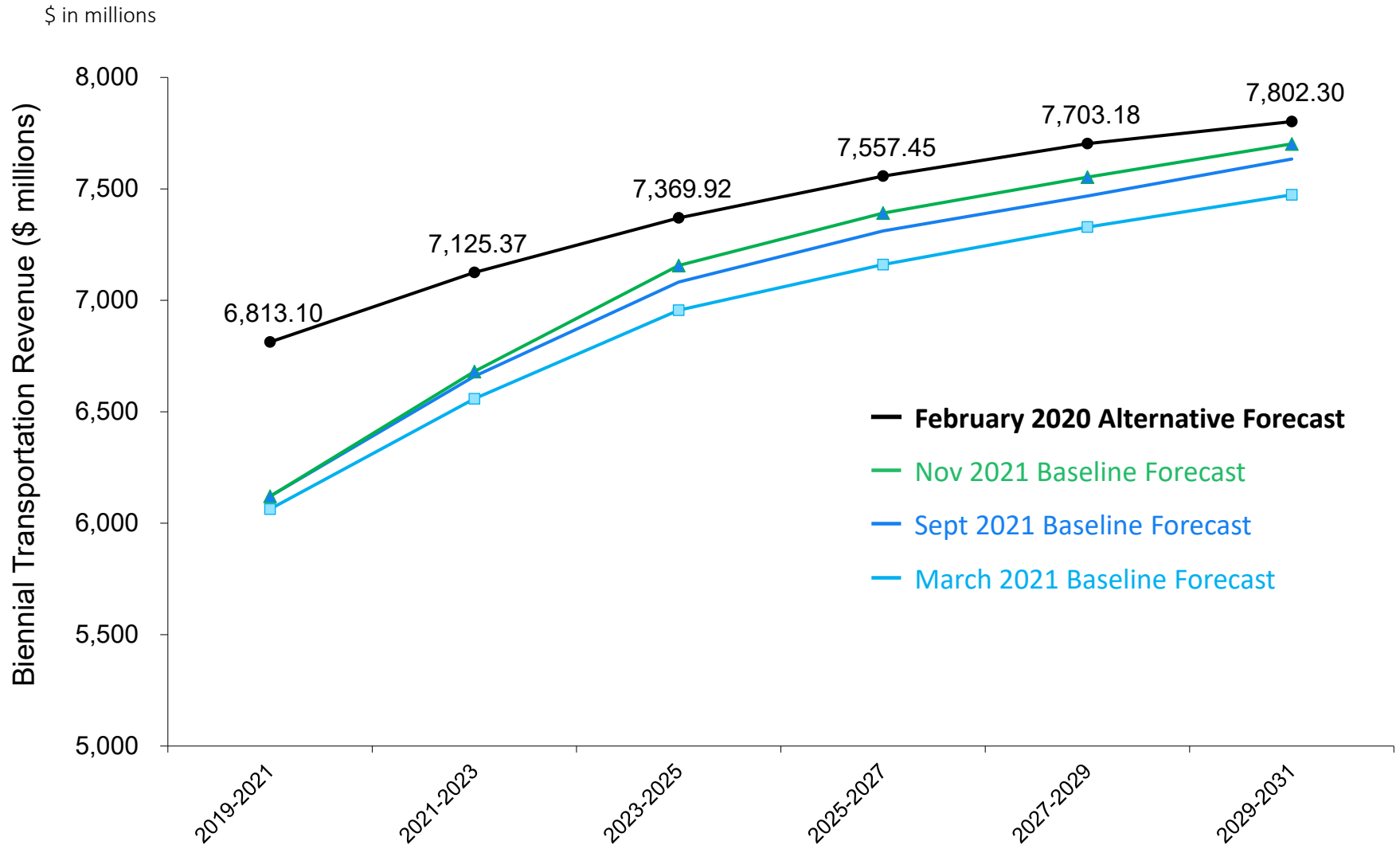


Equity

Revenue



Transportation Revenue Forecast



Additional and New Resources

- **\$123 million Climate Commitment Act (CCA) funds**
Supports clean transportation activities
- **\$363 million Federal Infrastructure Investment and Jobs Act (IIJA) (assumed to be spent over 3 years)**
Supports preservation, EV infrastructure & new bikeway program
- **\$384 million one-time General Fund-State (GF-S) (assumed to be spent over 3 years in most cases)**
Supports ferries capital and operating as well as ultra-high-speed ground transportation
- **\$500 million American Rescue Plan Act (ARPA) Funds**
Supports SR 520 and I-405/SR 167 projects

Resources: Climate Commitment Act- E2SSB 5126

Proceeds to be invested in projects/programs that reduce transportation sector carbon emissions and advance equity.

Carbon Reduction Emissions Account (CERA) created

- Expenditures may only be made for transportation carbon emission-reducing purposes and may not be used for highway purposes authorized under the 18th amendment unless otherwise specified in E2SSB 5126
- FY 2023 — first \$127 million to CERA
- Additional deposits to CERA outlined in bill over time
- All spending requires legislative appropriations

Minimum 35% to vulnerable communities, target of 40%

Not less than 10% for tribal – sponsored/-supported projects

Resources: Climate Commitment Act- E2SSB 5126

\$ in thousands

Carbon Emissions Reduction Account Forecasted Revenue

Biennium

| | |
|---------|---------|
| 2021-23 | 127,341 |
| 2023-25 | 723,255 |
| 2025-27 | 718,234 |
| 2027-29 | 718,234 |
| 2029-30 | 718,234 |
| 2031-33 | 718,234 |
| 2033-35 | 718,234 |
| 2035-37 | 718,234 |

| | |
|----------------------|------------------|
| Total revenue | 5,160,000 |
|----------------------|------------------|

Resources: Climate Commitment Act- E2SSB 5126

Transportation budget includes the following contingency language for appropriations from the carbon emissions reduction account, created in the CCA:

- Expenditures are restricted to the availability of revenue deposited in the account; and
- Enactment of request legislation brought forth by the department of ecology, as required by RCW 70A.65.230. If such legislation is not enacted by April 1, 2023, the amount provided in this subsection shall lapse.
- At least 50 percent of the funds provided must be used in overburdened communities as defined by RCW 70A.02.010

Expenditures



Climate Agenda - Clean Green Transportation

Governor's Supplemental 2022 Budget

| Source | Item | \$'s in Thousands |
|--|---|-------------------|
| Alternative Fuels | | |
| FED | Natl Electric Vehicle Program | 14,100 |
| MMA | State Match Natl Electric Vehicle | 2,800 |
| CCA | Local ZEV Infrastructure Expansion | 5,000 |
| MMA | ZEV Outreach and Education | 1,000 |
| Expand Existing Transit Bike/Ped Programs | | |
| CCA | Expand Bike/Ped Grant Program | 30,000 |
| CCA | Expand Safe Routes to School | 15,000 |
| CCA | Expand Green Transit Grants | 30,000 |
| CCA | Expand Special Needs Transit Grants | 30,000 |
| New Programs | | |
| CCA | Rural Electrification Transit Planning Grants | 3,000 |
| CCA | Transit Access Program | 10,000 |
| FED | Connecting Bikeways and Trail Networks | 7,200 |
| Total | | 148,100 |

CCA: Climate Commitment Act funds (Carbon Emissions Reduction Account)

FED: Federal Jobs Act Funds MMA: Multimodal Account

Climate Agenda - Clean Green Transportation

| \$'s in Thousands | | |
|---------------------------------|---------------|----------------|
| Ferry Electrification | 2022 | 2023-25 |
| 1st Hybrid Funding | 26,200 | |
| 2nd Hybrid Funding | 19,000 | 189,000 |
| Jumbo Mark II Vessel Conversion | 38,500 | |
| Terminal Electrification | 7,600 | 42,700 |
| Total | 91,300 | 231,700 |

* Puget Sound Capital Construction Account supported by one-time GF-S transfer

Ferry reliability

Attract new employees

- Continuous hiring
- External recruiting firm
- Staffing

Retain employees

- Enhance employee retention
- Increase training and development key positions
- Expand PASS program to WSF
- Internships

Efficiency

- MOU to shift employees
- Dispatch system

Ferry reliability (Continued)

| | | \$'s in thousands | |
|-----------------------------|---|-------------------|---------------|
| Ferry Workforce Investments | | Supp 2022 | 23-25* |
| 1 | Continuous Hiring (Support Ongoing versus Seasonal Hiring) | 100 | 200 |
| 2 | External Recruiting (Support External Recruiting Assistance) | 200 | 200 |
| 3 | Additional HR Staff (Support Increased HR Recruitment Work) | 200 | 200 |
| 4 | Enhance Employee Retention (Support Guaranteed Pay and Schedules versus On-Call) | 7,500 | 15,000 |
| 5 | Increase Training (Support Advancement Through Ferry System) | 660 | 1,300 |
| 6 | PASS to Maritime (Pre-Apprenticeship Support for Maritime Workers) | 1,500 | 1,500 |
| 7 | MOU Shift Employees (Support Vessel Staff on Active versus Inactive Vessels) | 100 | |
| 8 | Dispatch System (Modernize Dispatch System to Improve Efficiency) | 4000 | 10,000 |
| 9 | Additional Port Captain and Dispatchers (Additional Vessel and Dispatch Staff) | 354 | |
| 10 | Maintain Steel and Electronics (Eagle Harbor Workforce Investment) | 1672 | |
| 11 | Support Ferries Internships | 194 | |
| 12 | Ongoing Labor Costs (Funds to Support Minimum Labor Costs) | 4,667 | |
| 13 | Training (Vessel Familiarization) | 1,107 | |
| 14 | Total | 22,254 | 28,400 |

* Items 1-8 and 23-25 biennium spending supported by one-time GF-S transfer.

Infrastructure Investment and Jobs Act

IIJA signed on Nov. 15, 2022 and became effective immediately

\$1.2 trillion total nationwide

- \$550 million **new** funding
- Estimated \$5.443 billion in federal-aid highway funding to Washington state
- Estimated \$1.79 billion in transit formula funding to Washington state
- Creates new formula, competitive and discretionary grant programs

Reauthorizes for FY2022-FY2026 several surface transportation programs including the:

- Federal-aid highway program
- Transit programs
- Highway safety
- Motor carrier safety
- Rail programs

Infrastructure Investment and Jobs Act

\$'s in Thousands

| New Jobs Act Funding- State Share | 2022 | 2023-25 | Total 2022-2025 |
|---|----------------|----------------|-----------------|
| Existing Programs | | | |
| Bridge Repair Preservation | 17,949 | 53,848 | 71,797 |
| Asphalt Roadways Preservation | 17,949 | 53,848 | 71,797 |
| Highway System Preservation | 702 | 2,107 | 2,809 |
| Collision Prevention | 1,627 | 4,882 | 6,509 |
| New Jobs Act Programs | | | |
| Bridge Repair Preservation | 36,897 | 110,692 | 147,589 |
| National Electric Vehicle Charging Program | 14,100 | 14,100 | 28,200 |
| Carbon Reduction Program – Bikeways and Regional Trails | 7,200 | 0 | 7,200 |
| PROTECT – (Allocated to Highway System Preservation) | 7,200 | 21,765 | 28,965 |
| Total | 103,624 | 261,242 | 364,866 |
| Total Additional Preservation | 82,324 | 247,142 | 329,466 |

*Assumes continuing existing state local split for existing programs, 65 local/35 state split for Carbon Reduction Program, all state National Vehicle Charging Program and 61 state/39 local split Bridge Repair Preservation and PROTECT Program.

Keeping our commitments

SR 520 \$406 million funding gap

- \$200 million additional ARPA
- \$80 million in bonds sold in 2029-2031 biennium
- \$126 million cash

I-405/ SR 167 \$450 million funding gap

- \$300 million additional ARPA
- \$70 million in sales tax deferral
- \$80 million cash

High-speed ground transportation \$54 million

- Advance project and position state to apply for potential future federal funds
- Funding to satisfy potential state match for federal funds

Equity

- Funding for all state employees to attend diversity, equity and inclusion training
- Washington State Patrol \$1.4 million
 - Enact DEI initiatives and address disparities in hiring and recruiting
- Department of Transportation \$1.4 million
 - Promote access to construction careers for women, people of color and communities that are underrepresented in the construction and transportation trades.
- HEAL Act (E2SSB 5141) \$526 thousand
 - Fully funds agencies needs to implement bill



FOR MORE INFORMATION:

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